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FISCAL IMPACT STATEMENT

LS 6919

BILL NUMBER: HB 1250

NOTE PREPARED: Mar 16, 2008

BILL AMENDED: Feb 21, 2008

SUBJECT: Local Government Finance.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR: Sen. Hershman

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Tippecanoe County Innkeeper's Tax*- The bill changes the distribution of the Tippecanoe County innkeeper's tax.

Advisory Commission- The bill establishes an advisory commission to make recommendations concerning the use of any proceeds of bonds issued to finance the development of Prophetstown State Park.

Indiana Finance Authority- The bill specifies that the Indiana Finance Authority (IFA), in its capacity as the recreational development commission, may issue bonds for the development of Prophetstown State Park.

Bureau of Motor Vehicles- The bill requires the Bureau of Motor Vehicles (BMV) to design the Indiana Native American trust license plate with the advice of the Native American Indian Affairs Commission (NAIAC).

Indiana Native American Trust Fund- The bill provides that money in the Indiana Native American Trust Fund (the Fund) must be paid to Historic Prophetstown through 2008 and to the NAIAC beginning in 2009.

Steuben County Food and Beverage Tax- The bill authorizes Steuben County to impose a 1% food and beverage tax. Provides that: (1) half of the tax revenue is retained by the county; and (2) the other half of the revenue is distributed to the city of Angola.

Effective Date: Upon Passage; July 1, 2008.

Explanation of State Expenditures: *Advisory Commission*- The 11-member advisory commission would

advise on the use of any proceeds of bonds issued to finance developments in Prophetstown State Park. Members of the advisory commission who are state employees would not be allowed a salary per diem, but could receive travel expense reimbursement for the performance of duties related to the advisory commission as provided by Indiana Department of Administration policies and procedures and as approved by the State Budget Agency.

Indiana Native American Trust Fund- Under the bill, Historic Prophetstown (previously known as The Museums At Prophetstown, Inc.) would continue to receive transfers from the Fund until December 31, 2008. After December 31, 2008, revenue placed into the Fund would be transferred to the NAIAC to be used for any lawful purpose of the NAIAC.

Indiana Finance Authority- The IFA would have the option of issuing bonds for development of Prophetstown State Park. Administratively, the IFA would be able to issue bonds within their existing level of resources.

Local Taxes- Current cost for the Department of State Revenue to administrate, audit, and collect local taxes is approximately \$0.54 per \$100 of revenue. The Department would be able to process the proposed local taxes within the existing level of resources available to the Department.

Background- As of December 11, 2007, there was an undesignated balance of \$20,882.50 within the Native American Trust Fund. Currently, all revenue from the Fund is distributed to the Museum At Prophetstown, Inc. Money in the Fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of State Revenues: *Tippecanoe County Innkeeper's Tax-* The Department of Natural Resources would receive less revenue from the Tippecanoe County innkeeper's tax for development projects within the Prophetstown State Park on the Wabash River. The DNR currently receives 75% of half of all innkeeper's tax collected within the county, or 37.5% of total revenue. As a result of the proposed change, the DNR would receive 30% of total revenue collected by the tax.

Tippecanoe County's innkeeper's tax collections totaled \$1.7 M during FY 2007. It is projected that FY 2009 revenue would be \$1.83 M. Under the proposal, the DNR's FY 2009 share under the bill would be approximately \$549,000 (30% of \$1.83 M). Under the distribution formula of current law, the DNR would receive 37.5% of total revenue in FY 2009, or about \$686,000.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Tippecanoe County Innkeeper's Tax-* The bill would commit 70% of annual innkeeper's tax revenue to local projects. (This would generate an estimated \$1.28 M in FY 2009.) The Department of Natural Resources would receive the remaining 30% of the revenue. (See table below.) [Currently, half of Tippecanoe County's innkeeper's tax revenue is placed into a "special account" until December 2014.]

FY 2009 Projected Distributions of Tippecanoe County Innkeeper's Tax Revenue (Under Current Statute and as Proposed by Bill).							
	Current			Proposed*			Net
(A) DNR	37.5%	\$686,000	SA		30.0%	\$549,000	(\$137,000)
(B) Lafayette Com. Dev Corp	12.5%	\$229,000	SA		10.0%	\$183,000	(\$46,000)
(C) Conv. & Vis. Commission	50.0%	\$915,000			40.0%	\$732,000	(\$183,000)
(D) Historic Prophetstown					10.0%	\$183,000	\$183,000
(E) Wabash River Enhance Corp					10.0%	\$183,000	\$183,000
Total	100.0%	\$1,830,000			100.0%	\$1,830,000	
SA = Distributed through the "Special Account" * = Does away with the "Special Account"							

(Revised) *Steuben County Food and Beverage Tax*- A 1% food and beverage tax levied by Steuben County could raise approximately \$468,000 in FY 2009 assuming immediate adoption of the tax by the County fiscal body after the effective date of the bill. Under the bill, the City of Angola would receive 50% and Steuben would receive 50% of the revenue. Fifty percent of the above estimate equals \$234,000.

State Agencies Affected: Department of Natural Resources; Bureau of Motor Vehicles; NAIAC; Indiana Finance Authority, Department of State Revenue.

Local Agencies Affected: Tippecanoe County, Steuben County, City of Angola.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*; U.S. Bureau of Census, December 2007 *State Revenue Forecast*.

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